

From: Petters, Tom
Sent: Thu, 22 Mar 2007 17:22:31 GMT
To: Baer, David; 'ehulsey@costco.com'
CC: Munson, Deanna; 'JSullivan@costco.com'
Subject: Re: guaranty letter

Erik,

We have no open purchase orders with National, only Costco Canada and Mexico and that is through a company we own "Polaroid which is independent" from this business.

The issue is we finance many people from time to time in the business of diverting. If you are unaware of the issues of fraud in the past I would be happy to enlighten you directly. We suffered serious financial losses due to us taking the path that we would allow Costco to be relieved from damages they were actually liable for. You can discuss the details on this with John Sullivan if you are unaware.

To make a long story short, if you are not going to issue us a mere guaranty letter to us, which allows us to have some assurance that when we hold paper that is financing goods for National, simply tell us.

If you are asking for disclosure of deals we are directly holding, "non-existent" however through our lending agreements with others in the case of a default, we are able to use this guaranty as a safety mechanism.

Beyond that, please give David Baer an answer today and we will act according to your decision. Its most troubling for us at this stage in a long relationship, that this letter is an issue.

Thank you for your time.

Tom Petters

----- Original Message -----

From: Baer, David
To: 'Erik Hulsey' <ehulsey@costco.com>
Cc: Petters, Tom; Munson, Deanna; John Sullivan (JSullivan@costco.com) <JSullivan@costco.com>
Sent: Thu Mar 22 11:09:54 2007
Subject: RE: guaranty letter

Erik:

Please see attached email correspondence for an explanation.

Is there a problem? We really need to get this squared away ASAP.

Thanks very much.

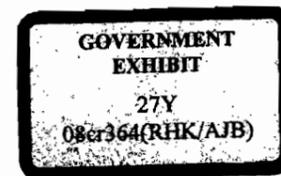
Dave

-----Original Message-----

From: Erik Hulsey [<mailto:ehulsey@costco.com>]
Sent: Thursday, March 22, 2007 10:54 AM
To: Baer, David
Subject: guaranty letter

David:

1208665 03/22/2007 17:22:31 (GMT -06.00)



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I don't see any open orders for Petters. Please provide me with a list of the open purchase orders.

Thanks

Erik Hulsey
Manager - National/CWC
Ph 425-313-6372 / Fax 425-313-2806

-----Original Message-----

From: Baer, David
Sent: Wednesday, February 14, 2007 1:14 PM
To: John Sullivan (JSullivan@costco.com)
Cc: Petters, Tom; Munson, Deanna
Subject: Costco Guaranty Letter

John:

I hope the new year is treating you well. It is time again to renew the Costco guaranty letter to Petters Company. We have prepared a draft of this document, which is the same as the one executed last year, with the date adjusted for this year.

Can you please arrange for this to be put on Costco letterhead, executed and returned to me at the contact information below.

Please let me know if you have any questions or comments.

Thanks,

Dave

David Baer
Chief Legal Officer
Petters Group Worldwide
4400 Baker Road
Minnetonka, MN 55343
Email: david.baer@pettersgroup.com

Erik Hulsey
Manager - National/CWC
Ph 425-313-6372 / Fax 425-313-2806

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